

Bollfilter Nordic ApS

**Hammerbakken 21
3460 Birkerød**

CVR no. 88 44 60 11

Annual report for 2022

Adopted at the annual general meeting on 25
April 2023

Robert Jellinggaard
chairman

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Statement by management on the annual report

The Board of Directors and Executive Board have today discussed and approved the annual report of Bollfilter Nordic ApS for the financial year 1 January - 31 December 2022.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Birkerød, 25 April 2023

Executive Board

Robert Jellinggaard

Board of Directors

Torsen Vogel

Karl Hendrik Brecht

Independent auditor's report

To the shareholder of Bollfilter Nordic ApS

Opinion

We have audited the financial statements of Bollfilter Nordic ApS for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 25 April 2023

Rödl & Partner Danmark

Godkendt Revisionsaktieselskab

CVR no. 39 18 86 78

Claus D. Bishaw-Witt
Statsautoriseret Revisor
MNE no. mne10028

Company details

The company

Bollfilter Nordic ApS
Hammerbakken 21
3460 Birkerød

CVR no.: 88 44 60 11

Reporting period: 1 January - 31 December 2022

Domicile: Rudersdal

Board of Directors

Torsen Vogel
Karl Hendrik Brecht

Executive Board

Robert Jellinggaard

Auditors

Rödl & Partner Danmark
Godkendt Revisionsaktieselskab
Store Kongensgade 40H, 2
1264 København K

Management's review

Business review

As in previous years, the company's main activity has been the sale of filters and machines etc. and assembly thereof in the Nordic countries.

Unusual matters

The company's financial position at 31 December 2022 and the results of its operations for the financial year ended 31 December 2022 are not affected by any unusual matters.

Financial review

The company's income statement for the year ended 31 December 2022 shows a profit of DKK 8,676,881, and the balance sheet at 31 December 2022 shows equity of DKK 13,499,608.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Bollfilter Nordic ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B and the Accounting Standard on small enterprises, as well as provisions applying to reporting class C entities.

The accounting policies applied remain unchanged from last year.

The annual report for 2022 is presented in DKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit/loss

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, production costs and other operating income.

Accounting policies

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Distribution costs

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to distribution activities.

Administrative costs

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, where as the tax attributable to equity transactions is recognised directly in equity.

Balance sheet

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Accounting policies

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0 %
Leasehold improvements	10 years	0 %

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Fixed asset investments

Fixed asset investments consist of depositories.

Impairment of fixed assets

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries, associates and participating interests is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventories

Inventories are measured at cost using the Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Accounting policies

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest

Equity**Dividends**

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Income tax and deferred tax

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Financial debts

Financial debts are measured at amortised cost, substantially corresponding to nominal value.

Accounting policies**Translation policies**

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Income statement 1 January 2022 - 31 December 2022

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Gross profit		28,610,248	22,986,043
Distribution costs		-14,756,743	-12,157,538
Administrative costs		-2,325,042	-1,988,395
Operating profit/loss		11,528,463	8,840,110
Financial income		31,356	6,076
Financial costs		-411,734	-113,806
Profit/loss before tax		11,148,085	8,732,380
Tax on profit/loss for the year	2	-2,471,204	-1,924,172
Net profit/loss for the year		<u>8,676,881</u>	<u>6,808,208</u>
Proposed dividend for the year		8,200,000	6,000,000
Retained earnings		476,881	808,208
		<u>8,676,881</u>	<u>6,808,208</u>

Balance sheet at 31 December 2022

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Assets			
Other fixtures and fittings, tools and equipment	3	78,423	48,300
Leasehold improvements	3	998,320	157,651
Tangible assets		<u>1,076,743</u>	<u>205,951</u>
Deposits		302,873	92,608
Fixed asset investments		<u>302,873</u>	<u>92,608</u>
Total non-current assets		<u>1,379,616</u>	<u>298,559</u>
Finished goods and goods for resale		3,851,271	3,479,438
Stocks		<u>3,851,271</u>	<u>3,479,438</u>
Trade receivables		21,705,051	27,133,405
Other receivables		2,220,324	1,482,241
Prepayments		153,660	402,715
Receivables		<u>24,079,035</u>	<u>29,018,361</u>
Cash at bank and in hand		<u>11,155,174</u>	<u>7,431,148</u>
Total current assets		<u>39,085,480</u>	<u>39,928,947</u>
Total assets		<u><u>40,465,096</u></u>	<u><u>40,227,506</u></u>

Balance sheet at 31 December 2022

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Equity and liabilities			
Share capital		600,000	600,000
Retained earnings		4,699,608	4,222,727
Proposed dividend for the year		<u>8,200,000</u>	<u>6,000,000</u>
Equity		<u>13,499,608</u>	<u>10,822,727</u>
Provision for deferred tax	4	<u>44,928</u>	<u>1,000</u>
Total provisions		<u>44,928</u>	<u>1,000</u>
Trade payables		785,259	771,056
Payables to parent company		21,170,633	23,812,876
Corporation tax		1,880,431	1,496,580
Other payables		<u>3,084,237</u>	<u>3,323,267</u>
Total current liabilities		<u>26,920,560</u>	<u>29,403,779</u>
Total liabilities		<u>26,920,560</u>	<u>29,403,779</u>
Total equity and liabilities		<u><u>40,465,096</u></u>	<u><u>40,227,506</u></u>

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2022	600,000	4,222,727	6,000,000	10,822,727
Ordinary dividend paid	0	0	-6,000,000	-6,000,000
Net profit/loss for the year	0	476,881	8,200,000	8,676,881
Equity at 31 December 2022	600,000	4,699,608	8,200,000	13,499,608

Notes

	<u>2022</u>	<u>2021</u>
	DKK	DKK
1 Staff		
Wages and Salaries	10,426,230	9,556,299
Pensions	786,020	611,836
Other social security expenses	544,323	423,043
	<u>11,756,573</u>	<u>10,591,178</u>
Wages and Salaries, pensions and other social security expenses are recognised in the following items:		
Distribution expenses	<u>11,756,573</u>	<u>10,591,178</u>
	<u>11,756,573</u>	<u>10,591,178</u>
Average number of employees	<u>13</u>	<u>13</u>
2 Tax on profit/loss for the year		
Current tax for the year	2,427,276	1,915,833
Deferred tax for the year	43,928	8,000
Adjustment of tax concerning previous years	0	339
	<u>2,471,204</u>	<u>1,924,172</u>

Notes**3 Tangible assets**

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2022	865,098	415,862	1,280,960
Additions for the year	63,595	949,399	1,012,994
Cost at 31 December 2022	<u>928,693</u>	<u>1,365,261</u>	<u>2,293,954</u>
Impairment losses and depreciation at 1 January 2022	816,798	258,211	1,075,009
Depreciation for the year	33,472	108,730	142,202
Impairment losses and depreciation at 31 December 2022	<u>850,270</u>	<u>366,941</u>	<u>1,217,211</u>
Carrying amount at 31 December 2022	<u>78,423</u>	<u>998,320</u>	<u>1,076,743</u>

	<u>2022</u> DKK	<u>2021</u> DKK
4 Provision for deferred tax		
Provision for deferred tax at 1 January 2022	44,928	1,000
Provision for deferred tax at 31 December 2022	<u>44,928</u>	<u>1,000</u>
Provisions for deferred tax on:		
Property, plant and equipment	48,961	31,000
Inventories	33,805	-61,000
Trade receivables	-37,842	31,000
	<u>44,928</u>	<u>1,000</u>

Notes

	<u>2022</u> DKK	<u>2021</u> DKK
5 Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments	301,700	441,573
The company has entered into lease contracts with a lease obligation during the periods of non-termination. The total rental obligation is DKK	5,906,062	368,014
6 Charges and security		
The following assets have been placed as security with bankers:	<u>565,174</u>	<u>565,178</u>
	<u>565,174</u>	<u>565,178</u>

7 Related parties and ownership structure

According to the company's register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

Boll & Kirch Filterbau GmbH
Germany
Siemensstrasse 10-14
50170 Kerpen